

Unitil Energy Systems, Inc.
Rate Schedule FERC No. 4

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FEDERAL ENERGY
REGULATORY COMMISSION

UNITIL ENERGY SYSTEMS, INC.
Rate Schedule FERC No. 4
Wheeling Agreement with Penacook Hydro Associates

Issued by: Mark H. Collin, Treasurer
Issued on: January 2, 2003

Effective Date: December 2, 2002

Filed to comply with Order No. 614, Designation of Electric Rate Schedule Sheets, Order No. 614, FERC
Stats. & Regs. [Regs. Preambles 1996 - 2000 ¶ 31.036 (2000)].

Unitil Energy Systems, Inc.
Supplement No. 3 to Rate Schedule FERC No. 4
(superseding Supplement No. 2)

Rate for Firm Transmission Service:

The Demand Charge for 34.5 kV service shall be a lump sum of \$108.19 per month.

(supplement to Wheeling Agreement with Penacook Hydro Associates, April 25, 1985)

Issued by: Mark H. Collin, Treasurer
Issued on: January 2, 2003

Effective Date: June 1, 1994

Filed to comply with Oder No. 614, Designation of Electric Rate Schedule Sheets, Order No. 614, Stats. & Regs. [Regs. Preambles 1996 - 2000] ¶ 31,096 (2000).

WHEELING AGREEMENT
BETWEEN
~~CONCORD ELECTRIC COMPANY~~ Unitil Energy Systems, Inc.
AND
PENACOOK HYDRO ASSOCIATES

This Agreement entered into as of the 25th day of April 1985 between ~~Concord Electric Company~~ Unitil Energy Systems, Inc. of Concord, New Hampshire, a New Hampshire electric public utility (the "COMPANY"), and Penacook Hydro Associates (the "INTERCONNECTOR") which proposes to engage in the generation and sale of power pursuant to the provisions of the New Hampshire Limited Electrical Energy Producers Act (RSA 362- A), ("LEEPA") and the Federal Public Utilities Regulatory Policies Act of 1978 ("PURPA"), in consideration of the mutual covenants hereinafter stated, witnesseth:

1.0 Recitals. This Agreement is made in the light of the following:

1.1 The COMPANY is a nongenerating New Hampshire electric public utility engaged in business in the City of Concord and twelve surrounding towns which purchases all of its power supply requirements.

1.2 The INTERCONNECTOR is engaged in the construction of a generating station in the City of Concord (the "project") at a site (the "site") on the Contoocook River in the Village of Penacook which is located within the service territory of the COMPANY.

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1.3 Public Service COMPANY of New Hampshire ("PSNH") is a New Hampshire electric utility which presently supplies electricity at wholesale to the COMPANY.

1.4 The project is being developed by the INTERCONNECTOR pursuant to the policies and objectives of LEEPA and PURPA, which seek to encourage the development of small scale diversified local sources of supplemental power to reduce the state's and nation's dependence upon other energy sources, such as imported foreign oil, which are from time to time uncertain and unreliable.

1.5 The INTERCONNECTOR wishes to deliver and sell the electric power produced at the project to PSNH at the COMPANY's Point of Interconnection with PSNH at Garvins Falls in Bow, New Hampshire, after wheeling over the COMPANY's electric utility system, pursuant to the procedures and arrangements for the transmission and sale of electricity generated by small power producers located in the franchise territory of non-generating electric utilities which have been developed over a period of time by the New Hampshire Public Utilities Commission (the "Commission"). See the Commission's Report and Supplemental Order 14,797 issued March 20, 1981 in Docket DE 80-246; Report and Supplemental Order 16000 issued November 14, 1982 in DR 81-133; and Report and Eighth Supplemental Order No. 17104, issued July 5, 1984 in DE 83-62.

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1.6 In its Report and Supplemental Order 14,797 the Commission in the absence of evidence of record in the proceeding concerning wheeling energy produced by qualified facilities to purchasing utilities, concluded that wheeling is unlikely to place any undue burden on any party affected by it and ordered that, upon request, wheeling service shall be provided at no charge to qualified facilities by their local franchised utilities.

1.7 The COMPANY wishes to cooperate in any reasonable manner in furthering the objectives of LEEPA and PURPA, and is prepared to do so with the INTERCONNECTOR as hereinafter provided, so long as such cooperation imposes no cost burdens upon its customers.

2.0 Definitions The following terms, when used herein with the first letter capitalized, whether singular or plural, shall have the following meanings:

2.1 Agreement This Wheeling Agreement between the COMPANY and the INTERCONNECTOR.

2.2 Authorized Representative. The person designated to represent the COMPANY or the INTERCONNECTOR pursuant to Section 14.0 of this Agreement.

2.3 Energy Kilowatt-hours (Kwh) or megawatt-hours (Mwh).

2.4 Project Power. Power and associated energy produced by the INTERCONNECTOR at the project and delivered to the COMPANY at the point of delivery.

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2.5 Party Either the COMPANY or the INTERCONNECTOR as set forth at the head of this Agreement.

2.6 Point of Delivery The point of attachment of the INTERCONNECTOR'S 34.5KV line at the project to the COMPANY'S 34.5KV distribution line.

2.7 Point of Interconnection The point of delivery of the INTERCONNECTOR generated energy to the electric utility system of the COMPANY at the project and the point of connection of the COMPANY'S electric utility system to the PSNH system at the Garvins Falls metering point which monitors COMPANY power demand on the PSNH system.

2.8 Power Electrical rating expressed in kilowatts (Kw) or kilovolt-amperes (Kva).

2.9 Prudent Utility Practice Any of the practices, methods and acts which in the exercise of reasonable judgment in the light of the facts understood to exist by the person making a decision at the time, including but not limited to practices, methods and acts engaged in or approved by a significant portion of the electric utility industry, would have been expected to accomplish the desired result at a reasonable cost consistent with reliability, safety and expedition. In applying the standard of Prudent Utility Practice to any matter under this Agreement, equitable consideration shall be given to the respective circumstances, requirements and obligations of the parties.

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2.10 Transmission Capacity. The rating of distribution and transmission facilities owned by the COMPANY and available to it, as determined in its sole discretion, acting in good faith, to transmit power and energy from the Point of Delivery to the Point of Interconnection between the COMPANY'S electric utility system and that of PSNH at Garvins Falls expressed in kilovolt-amperes (Kva) which is the maximum loading of such facilities consistent with Prudent Utility Practice.

2.11 Willful Action. Action taken or not take in behalf of a party at the direction of its governing board or duly constituted management personnel affecting its performance under this Agreement, which action is knowingly or intentionally taken with indifference to the consequences thereof as adversely affecting the party's due performance of or compliance with its obligations under this Agreement or with intent that a material breach of this Agreement, with prospective injury or damage to the other party, probably would result therefrom.

2.111 Willful action does not include an act or failure to act which is merely involuntary, accidental or negligent except as action or inaction of such a nature relates to a failure punctually to pay any money obligation owed to the other party hereunder.

2.12 Interconnection Agreement. An agreement between the Parties providing the terms and conditions under which the INTERCONNECTOR may connect the project with the COMPANY'S electric utility system.

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3.0 Term. This Agreement shall become effective upon its mutual execution by the parties and shall continue in effect thereafter until the date which is 30 years following the date of commencement of power sales by the INTERCONNECTOR to PSNH unless this Agreement, or the Interconnection Agreement or the arrangement for the sale of power generated by the INTERCONNECTOR to PSNH at the COMPANY'S Garvins Falls Point of Interconnection has been previously terminated in accordance with its terms (See Section 16.0 below). It shall thereafter continue in effect on a year-to-year basis unless duly terminated by written notice given by one party to the other at least ninety days prior to the next anniversary date of the execution hereof.

4.0 Transmission Service. Subject to the terms and conditions of this Agreement, the Company agrees to make available to the INTERCONNECTOR the COMPANY'S distribution and transmission capacity to provide firm transmission service for the INTERCONNECTOR project power from the Point of Delivery to the COMPANY'S Point of Interconnection with the PSNH system at Garvins Falls. The COMPANY'S undertaking to provide transmission service shall not arise until the INTERCONNECTOR has complied with all conditions precedent to such obligation as set forth in Section 5.0 below and shall remain effective only so long as the INTERCONNECTOR continues such compliance.

4.1 System Capacity and the availability of firm transmission service hereunder shall be determined in the sole and exclusive discretion of the COMPANY which reserves the right, in the

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exercise of Prudent Utility Practice, to curtail or interrupt service hereunder at any time that the capacity of its distribution or transmission facilities is less than the actual loading thereof if full service were attempted to be provided to the INTERCONNECTOR as contemplated hereunder. Any such curtailment or interruption of transmission service to the INTERCONNECTOR hereunder, carried out by the COMPANY in good faith to preserve the reliability and continuity of its electric service to its customers and to protect the property and safety of persons affected by it shall not be deemed to constitute Willful Action as defined in Section 2.11 above.

4.2 The COMPANY makes no warranty to the INTERCONNECTOR concerning the availability of transmission service to be provided hereunder but agrees to use its best efforts to make and keep such service available to the INTERCONNECTOR on as nearly continuous a basis as is practically possible consistent with customary standards of Prudent Utility Practice.

5.0 Conditions precedent to Company duty to provide Transmission Service. Each of the following circumstances shall constitute a condition precedent to any duty of the COMPANY to accept the INTERCONNECTOR power for transmission hereunder.

5.1 The INTERCONNECTOR shall have complied to the satisfaction of the COMPANY with all applicable requirements of NHPUC Supplemental Order 14,797 issued in DE 80-246 and dated March 20, 1981 relating to the interconnection of the project with the

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COMPANY'S electric utility system, including without limitation, the requirement at the INTERCONNECTOR expense but by COMPANY personnel or with their active assistance, which the COMPANY agrees to provide, to see to the installation at the project of adequate, safe and reliable interconnection equipment meeting all applicable standards of the Commission as well as all requirements, guidelines and directives of the COMPANY for such interconnections generally or for the specific interconnection with the COMPANY'S system to be provided at the project.

5.2 The project shall include provision for a remote Supervisory Control and Data Acquisition ("SCADA") system designed to permit the COMPANY to monitor on a continuing basis all power being delivered from the project at the Point of Delivery. Such SCADA system shall include appropriate remote control equipment to be installed at the project, appropriate monitoring and control equipment to be installed at the COMPANY'S Service Center facility in Concord, and a continuing leased telephone line from New England Telephone Company connecting the two. The selection of equipment for the SCADA system shall be done by the COMPANY and shall be paid for by the INTERCONNECTOR. The cost of the leased telephone line shall be billed directly to the INTERCONNECTOR and regularly paid for by it.

5.3 The INTERCONNECTOR shall remain in continuing compliance at all times with any revisions, modifications, or extensions of the standards for an adequate, safe and reliable interconnection between the INTERCONNECTOR project and the COMPANY'S electric public utility system as imposed or promulgated at any time

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by any public regulatory authority having jurisdiction in the premises or as made effective by the COMPANY, after notice and for good cause.

5.4 There shall be no fact or circumstance existing at the time under LEEPA, PURPA, or the Standards of Prudent Utility Practice which shall have given rise to a privilege or a duty in the COMPANY to interrupt its acceptance of the INTERCONNECTOR power for transmission hereunder, such as, without limitation of the foregoing, to protect the integrity, reliability and safety of the COMPANY'S electric utility system and of all persons and property in any way interconnected with it or affected by it, all pursuant to the standards of Prudent Utility Practice.

5.5 The Parties shall have concluded and there shall currently be in full force and effect a valid and effective Interconnection Agreement providing for the connection of the INTERCONNECTOR project to the COMPANY'S electric utility system.

5.6 There shall be a valid order, agreement or other arrangement, currently in force and effect and an executed or certified copy of which shall have been placed upon file with the COMPANY, providing for the purchase by PSNH at its Garvins Falls Point of Interconnection with the COMPANY, of all power generated by the INTERCONNECTOR and delivered by it to the COMPANY for wheeling and sale to PSNH at the said Point of Interconnection.

6.0 Rates and Charges. The INTERCONNECTOR recognizes that the planning and implementation by the COMPANY of initial arrangements for the safe and efficient interconnection of the

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project to the COMPANY'S electric utility system and for the wheeling of the INTERCONNECTOR'S power over the COMPANY'S system to the PSNH Point of Interconnection necessarily must impose certain one-time administrative, engineering and legal expenses upon the COMPANY. The INTERCONNECTOR agrees promptly to make payment for all such charges reasonably incurred as and when billed for them by the COMPANY.

6.01 The COMPANY has determined that in order to accept the INTERCONNECTOR'S power at the Point of Delivery it must increase the voltage rating of a portion of its distribution system from 4160 volts to 34,500 volts. Also in order to add monitoring and control capability of the required SCADA remote terminal to the COMPANY'S Service Center master station, the COMPANY must purchase, install and program SCADA equipment to upgrade the existing system. Since the costs of such changes and upgrading are significant, the COMPANY will ascertain the extent of such costs and/or expenses on a fully apportioned basis and recover the same from the INTERCONNECTOR in a manner to be mutually agreed upon and covered by an addendum to this Agreement.

6.02 In the event that at some future time the COMPANY shall find it necessary to further increase the capacity of any lines, to add to protective equipment, to incur any reconfiguration costs of any sort which the COMPANY believes to be occasioned in whole or in part because of its obligation to provide transmission service to the INTERCONNECTOR hereunder, or otherwise to incur capital costs or more than insignificant operating or other expenses attributable to its undertaking to provide transmission service for the

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INTERCONNECTOR hereunder, the COMPANY expressly reserves the right to ascertain the extent of such costs and/or expenses on a fully apportioned basis and to recover the same from the INTERCONNECTOR either on the basis of a one-time billing, or if more appropriate in the COMPANY'S judgment at the time, by the imposition of a reasonable cost-based monthly transportation charge. Any such charge or billing so determined and promulgated by the COMPANY shall be filed by the COMPANY with the Public Utilities Commission, and shall become effective, in the same manner as a tariff change.

6.1 In the event that at some future time the COMPANY shall at any time enter into a Wheeling Agreement with any other limited electrical energy producer operating under LEEPA or PURPA during the term of this Agreement, the COMPANY covenants and agrees that the terms of such other Agreement shall be no more favorable to such other producer in any material respect than the corresponding terms of this Agreement are to the INTERCONNECTOR, or to the extent that any provision of such other Agreement may be more favorable to such other producer, the COMPANY agrees that this Agreement shall be amended to provide for equally favorable treatment for the INTERCONNECTOR hereunder.

6.2 If at any time it shall appear to the COMPANY that it will be prudent for it to make additional investment in its electric utility plant or to incur operating expenses with respect thereto, all or a portion of the cost of which may reasonably be expected to be allocable to the INTERCONNECTOR as referred to above, the COMPANY

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shall use its best efforts to advise the INTERCONNECTOR as promptly as possible concerning such prospective investment or expenses and the occasion therefor.

7.0 Billing and Payment. All bills issued by the COMPANY for service or materials and equipment provided hereunder shall be issued not later than the tenth of each month for the period ending as of the close of the preceding month, and shall be paid in full within ten days after receipt. All bills remaining unpaid after the due date shall bear an additional charge of one and one-half percent (1 1/2%) per month of the unpaid balance, and shall be prorated on a daily basis to determine the amount finally due on the occasion of any late payment.

8.0 Liability. Except for any loss, damage, claim, cost, charge or expense resulting from Willful Action, no party, its directors, officers or employees shall be liable to the other Party for any loss, damage, claim, cost, charge or expense of any kind or nature incurred by the other Party (including direct, indirect or consequential loss, damage, claim, cost, charge or expense; and whether or not resulting from the negligence of any Party, its directors, officers, employees or any person or entity whose negligence would be imputed to such Party) from (i) engineering, repair, supervision, inspection, testing, protection, operation, maintenance, replacement, reconstruction, use or ownership of such Party's electric system, or (ii) the performance or nonperformance of the obligations of any Party under this Agreement. Except for

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any loss, damage, claim, cost, charge or expense resulting from Willful Action or the obligation of a party to pay monies under this Agreement, each Party covenants and agrees to release the other Party, its directors, officers and employees from any such liability.

8.1 Notwithstanding the foregoing, the INTERCONNECTOR covenants and agrees to and with the COMPANY to maintain in full force and effect throughout the term of this Agreement, comprehensive general liability insurance with bodily injury and property damage limits, of not less than, three million dollars (\$3,000,000.00), and to provide and keep on file with the COMPANY at all times, a certificate or certificates evidencing such coverage.

9.0 No dedication of facilities. No undertaking by the COMPANY hereunder shall be deemed to constitute a dedication of its system, or any portion thereof, to the public or to the requirements of the other Party, and all undertakings of each Party hereunder with respect to the other shall cease upon the termination of this Agreement.

10. Notices. Any notice, demand, or request to be given or served under this Agreement or in connection with it will be sufficient if served in writing and delivered in person or mailed by registered mail, return receipt requested, to the other as follows:

If to the COMPANY, to:

Douglas K. Macdonald, President
Concord Electric Company
One McGuire Street
Concord, New Hampshire 03301-1338

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If to the INTERCONNECTOR, to:

Thomas Tarpey, Penacook Hydro Associates
c/o Essex Hydro Associates
99 N. State Street
Concord, N.H. 03301

Either Party may at any time by notice to the other change the designation of the person or address of the person so specified to receive notices in its behalf.

11.0 Uncontrollable Forces. Neither Party shall be considered to be in default in the performance of any of its obligations hereunder (other than obligations of the Party to pay monies under this Agreement) if the failure of performance shall be due to uncontrollable forces. The term "uncontrollable forces" shall mean any cause beyond the control of the Party affected and which, by the exercise of due diligence, the Party is unable to overcome including but not restricted to an act of God, failure or threat of failure of facilities, flood, earthquake, fire, lightning, epidemic, war, explosion, holocaust, riot, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, pestilence, act of a public enemy, civil or military authority, restraint by court order or public authority, inability to obtain or ship materials or equipment because of the effect of similar causes on suppliers or carriers, and action or nonaction by or failure to obtain the necessary authorizations or approvals from any government authority. Nothing contained herein shall be construed so as to

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require a Party to settle any strike or labor dispute in which it may be involved. A Party rendered unable to fulfill any of its obligations under this Agreement by reason of uncontrollable forces shall give prompt written notice of such fact to the other Party and shall exercise due diligence to remove such inability with all reasonable dispatch.

12.0 Assignment of Agreement. Neither Party shall have the power to voluntarily assign this Agreement or any part thereof without the prior written consent (which consent shall not be unreasonably withheld) of the other Party.

13.0 Access to Information. The Interconnector shall regularly supply to the Company such technical and operating information and reports as the Company may reasonably request for the purpose of verifying all actions required of the Interconnector hereunder or otherwise as deemed necessary or appropriate by the Company to ensure the safe, efficient and reliable operation of the electrical interconnection arrangements to be installed and maintained between the generating system of the Interconnector and the electric public utility system of the Company hereunder.

14.0 Authorized Representatives. Each Party shall designate a person as an Authorized Representative. Such Authorized Representative shall be authorized by the Party on whose behalf he is designated to act in carrying out the provisions of this Agreement designated to be responsibilities of Authorized Representatives. Each Party shall notify the other Party in writing

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within thirty calendar days after execution of this Agreement of the designation of its Authorized Representative and shall promptly notify the other Party of any subsequent changes in such designation.

Authorized representatives shall have no authority to modify, amend, or supplement any of the provisions of this Agreement.

15.0 Power Factor. The INTERCONNECTOR shall be obligated to maintain a power factor between ninety percent (90%) lagging and ninety percent (90%) leading. Should the INTERCONNECTOR power factor as metered at the Point of Interconnection at the Project not be maintained within such limits, the Company may notify the INTERCONNECTOR and require that the power factor be corrected.

16.0 Termination by Company. In the event of any material default by the INTERCONNECTOR hereunder or under the Interconnection Agreement between the Parties of even date herewith which shall continue for ten days after the receipt of written notice with respect thereto from the Company, or in the event of the termination of the agreement or arrangement for the sale of the INTERCONNECTOR power to PSNH at the COMPANY'S Garvins Falls Point of Interconnection, after wheeling by the Company, without its replacement by an alternative agreement or arrangement for the sale of project power to an electric utility interconnected or connected with the COMPANY'S system at or through the said Garvins Falls Point of Interconnection, or in the event of the declared insolvency of the INTERCONNECTOR, or if it shall place its affairs in the hands of a receiver or shall make a general assignment for the benefit

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of creditors, or if it shall file a voluntary petition in bankruptcy or shall be adjudged a bankrupt, the Company, in addition to all other remedies available to it under this Agreement or by law, may elect to terminate this Agreement by written notice to take effect thirty days after its date of delivery. Any such termination shall be prospective only in its effect, and it shall in no way alter, excuse or release any rights, claims, demands or liabilities of any sort existing back and forth between the Parties as of the effective termination date.

17.0 Commission Jurisdiction. Nothing herein or in the Interconnection Agreement shall be deemed to constitute a waiver of, or shall limit in any manner, the right of either party under applicable law to refer any dispute between the Parties hereunder or under the Interconnection Agreement to the New Hampshire Public Utilities Commission for resolution.

18.0 Miscellaneous Provisions.

18.1 Time shall be deemed to be of the essence with reference to all provisions of this Agreement.

18.2 This Agreement may be amended only by a written instrument duly executed by the Parties hereto and making express reference hereto.

18.3 This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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18.4 Except as otherwise required by Law, this Agreement is made under and shall be deemed to be governed by the laws of the State of New Hampshire or the laws of the United States, as applicable.

18.5 The captions and headings appearing in this Agreement are inserted merely to facilitate reference and shall have no bearing upon the interpretation of any of the terms and provisions thereof.

18.6 Each term, covenant and condition of this Agreement is deemed to be an independent term, covenant and condition, and the obligation of a Party to perform all of the terms, covenants and conditions to be kept and performed by it is not dependent on the performance by the other Party of any or all of the terms, covenants and conditions to be kept and performed by it.

18.7 In the event that any of the terms, covenants or conditions of this Agreement, or the application of any of such terms, covenants or conditions, shall be held invalid as to any person, Party or entity, by any court having jurisdiction in the premises, the remainder of this Agreement, and the application of its terms, covenants or conditions to any such person, Party or entity shall not be affected thereby.

18.8 Any waiver at any time by a Party of its rights with respect to a default or other matter arising in connection with this Agreement shall not be deemed a waiver with respect to any subsequent default or matter.

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18.9 The signatories hereto represent that they have been appropriately authorized to enter into this Agreement on behalf of the Party for whom they sign.

19.0 Amendments. This Agreement may be amended only by the mutual agreement of the Parties, in writing, and set forth in duplicate original counterparts.

In Witness Whereof the Parties have caused their names to be subscribed to duplicate original counterparts hereof, each by its appropriate officer or agent, hereto duly authorized, as of the day and year first above written.

~~CONCORD ELECTRIC COMPANY~~ Unitil Energy Systems, Inc.
By: 
Its President

PENACOOK HYDRO ASSOCIATES
By ESSEX HYDRO ASSOCIATES
ITS GENERAL PARTNER

By: 
Partner

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MEMORANDUM RELATIVE TO DATE OF INITIAL
SALE OF ELECTRIC ENERGY TO PSNH BY THE INTERCONNECTOR FOR
PURPOSE OF DEFINING TERM OF THIS AGREEMENT PURSUANT TO SECTION 3.0

This will stipulate that the date upon which the sale of electric energy was first made by the INTERCONNECTOR and PSNH pursuant to New Hampshire Public Utilities Commission Order No. 18,386 dated February 20, 1986 was December 18, 1967 and the term of this Agreement shall therefore close on December 14, 2017.

Dated April 4, 1988

~~CONCORD ELECTRIC COMPANY~~ Unitil Energy Systems, Inc.
By: [Signature]
its President

ESSEX HYDRO ASSOCIATES
By Essex Hydro Associates
its General Partner

By: [Signature]
Partner

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INTERCONNECTION AGREEMENT BETWEEN ~~CONCORD ELECTRIC COMPANY~~ *Unitil Energy Systems, Inc.* AND
PENACOOK HYDRO ASSOCIATES

This Agreement, entered into as of the 25th day of April, 1985 between ~~Concord Electric Company of~~ *Unitil Energy Systems, Inc.* Concord, New Hampshire, a New Hampshire electric public utility (the "COMPANY") and the Penacook Hydro Associates ("the INTERCONNECTOR"), in consideration of the mutual covenants hereinafter set forth.
Witnesseth

1.0 Purpose. This Agreement is made pursuant to Section 2.13 and 5.5 of a certain Wheeling Agreement between the parties dated as of April 25, 1985 ("the Wheeling Agreement"). So far as material, that Agreement is incorporated herein by reference including all of the Recitals and Definitions in Sections 1 and 2 thereof as well as conditions precedent provided therein which must be complied with prior to any duty of the COMPANY thereunder to provide Wheeling Service to the INTERCONNECTOR.

2.0 Completion, Testing and Certification of Interconnection Facilities. Prior to the commencement by the COMPANY of service under the Wheeling Agreement to permit power sales by the INTERCONNECTOR to Public Service Company of New Hampshire (PSNH) under all applicable New Hampshire Public Utility Commission's orders, the following equipment installations

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to provide for the interconnection between the INTERCONNECTOR'S generating station at the site and the COMPANY's electric transmission system shall be completed and tested to the satisfaction of the COMPANY, and the following certification shall be delivered to it:

2.1 The installation of a 34.5KV interconnection facility in accordance with drawings, plans and specifications heretofore supplied by the INTERCONNECTOR to the COMPANY, constructed in a good and workmanlike manner, duly tested at the site after completion and found to be in safe and reliable operating condition to the satisfaction of the COMPANY.

2.2 The installation of the INTERCONNECTOR'S Supervisory Control and Data Acquisition ("SCADA") remote terminal connected to the COMPANY's SCADA system and its appropriate testing showing it to be in safe and reliable operating condition to the satisfaction of the COMPANY.

2.3 The installation of all necessary and appropriate station service supply and metering equipment in accordance with all applicable provisions of the COMPANY's tariff, and its appropriate testing showing it to be in safe and reliable operating condition to the satisfaction of the COMPANY.

2.4 The execution and delivery by the INTERCONNECTOR to the COMPANY of its Certification in the following form:

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CERTIFICATE

This will certify that the INTERCONNECTOR has complied with all applicable provisions of NHPUC Report and Supplemental Order No. 14797 issued in DE 80-246 (the "Order") in the design and installation of the interconnection facility between its generating station and the electric public utility plant of Concord Electric Company at the INTERCONNECTOR'S project at Penacook Upper Falls on the Contoocook River at Penacook, N. H. , and the same has been tested and found to be in safe and reliable operating condition ready for commercial use.

DATED:

SIGNED:

3.0 Procedures governing resumption of delivery of
generation after occasions of interruption. On occasions when the delivery of the INTERCONNECTOR'S generation to PSNH over the COMPANY'S system has been interrupted and the INTERCONNECTOR then wishes to resume such delivery, it shall give notice to the COMPANY at least fifteen minutes in advance as to the time at which resumption of energy delivery is to take place by telephone advice to the COMPANY'S Superintendent of Operations, or his authorized representative pursuant to paragraph 10 below, provided, however, that such advance notice to the COMPANY may be waived by the COMPANY'S said Superintendent or his representative and the INTERCONNECTOR may institute a manual interconnection sequence without such prescribed advance notice in any instance in which the COMPANY'S said Superintendent or his representative shall deem that compliance with the notice period would serve no useful purpose for the COMPANY, and shall so advise the INTERCONNECTOR.

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3.1 In the event that the INTERCONNECTOR'S supply shall have been previously disconnected or locked out by the COMPANY, the COMPANY shall reconnect and/or reset the permissive relay so as to allow the INTERCONNECTOR to resume generation at the time scheduled in the said telephone notice. If technical conditions existing on the COMPANY'S system are such that it is not feasible in accordance with standards of prudent utility practice for the COMPANY to accept generation from the INTERCONNECTOR at the time proposed to it for resumption of generation, the COMPANY may decline to accept the INTERCONNECTOR'S generation at that time, but shall thereafter notify the INTERCONNECTOR by telephone as to the earliest time that it is able to accept generation from the INTERCONNECTOR and shall cooperate diligently to resume service to the INTERCONNECTOR under the Wheeling Agreement at that time.

4.0 Procedures Governing Shutdown of the INTERCONNECTOR'S Generation. The following procedures shall be observed in the event of a shutdown of INTERCONNECTOR'S generation:

4.1 Shutdowns at instance of the INTERCONNECTOR If the Interconnector shall wish to schedule a shutdown of its generating plant in advance, it shall notify the COMPANY'S Operating Superintendent by telephone at least fifteen minutes prior to the scheduled shutdown of the exact time planned for it and the reasons therefor, such notice to be given in the same manner as the notice with respect to planned start-up provided for under 3.0 above.

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4.11 In the event of an unscheduled emergency shutdown by the INTERCONNECTOR, it shall notify the COMPANY as promptly as is reasonably possible by telephone notice given directly to the COMPANY's Superintendent of Operations or his authorized representative pursuant to paragraph 10, as to the circumstances believed to have caused the shutdown, and subsequently shall confirm to the COMPANY in writing its formal determination as to the reason for the interruption.

4.2 Shutdowns at instance of the COMPANY. In the event that the COMPANY shall find that consideration for the safe, efficient and reliable operation of its electric utility system and/or for the reasonable protection of its property or that of its customers or for the safety of its employees, customers or the public, or for the requirements of prudent utility practice shall require interruption of its acceptance of generation from the INTERCONNECTOR, the COMPANY may institute a shutdown of the INTERCONNECTOR'S interconnection, and the COMPANY shall be subject to no liability for such interruption. In such a case, the COMPANY shall notify the INTERCONNECTOR by telephone, in advance if feasible, of reasons for the shutdown, the time scheduled for it to take place, and its expected duration. Such notice shall be given to the INTERCONNECTOR as provided in paragraph 10 below.

4.21 In the event of a failure of the Interconnector's system for feeding into the Company's load management SCADA system data as to Interconnector's station generation at a time that the continuing inflow of Interconnector's energy into the Company's electrical system would impair or threaten to impair the effective operation of the Company's load management program, the Company shall have the right to require the Interconnector to shut down its generation for the duration of such period, and the Company shall be subject to no liability in the event of such shutdown.

4.22 If the shutdown by the Company is occasioned by emergency circumstances which do not permit advance notice, the Company shall notify the Interconnector by telephone as promptly after the event as is reasonably possible under the circumstances of the reasons for the shutdown and its expected duration, and the Company shall also subsequently confirm the same by its report in writing transmitted to the Interconnector pursuant to paragraph 10 below.

4.3 The Interconnector shall afford to the Company free and convenient access at all times to the 34.5KV disconnects at the point of interconnection, and the Company shall have the right to open said disconnects whenever it shall deem it appropriate to do so pursuant to 4.2 above.

5.0 Maintenance of SCADA remote terminal. As the owner of the SCADA remote terminal connected to the Company's SCADA system at

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the Interconnector's site, the Interconnector's shall be responsible for all costs and expenses necessary to maintain it and its associated telephone lines in good operational order. The Company agrees to carry out required maintenance upon the said terminal and associated lines from time to time, as it deems necessary or appropriate, with the understanding that the Interconnector will reimburse it promptly against invoices duly submitted for all of its costs and expenses including reasonable overheads, so incurred. So far as feasible, the Company shall notify the Interconnector pursuant to paragraph 10 in advance of undertaking such maintenance as to the work expected to be done and its expected cost but an inadvertent failure by the Company to give such notice in any particular case shall not excuse the Interconnector from its obligation to reimburse the Company for its reasonable costs so incurred.

6.0 The Interconnector's responsibility for protective relays. The interconnection facility between the Interconnector generating station and the Company's electrical system has been designed and constructed with mutually beneficial protective relay schemes serving functions and meeting tolerances which have been agreed upon between the parties. The Interconnector shall be responsible for maintaining the said mutual relay schemes in good operational order and condition, performing consistently within such prescribed tolerances, and it further agrees to cooperate with the

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Company in devising appropriate testing procedures for such equipment and schedules for such testing and the reporting thereof as well as for any appropriate periodic maintenance or replacement.

7.0 The Interconnector's Responsibility to Protect its System from Company's Automatic Reclosing Breaker. The Company's system equipment includes a protective circuit breaker on its 34.5KV supply line serving the interconnection point which has an automatic reclosing feature so designed that it recloses approximately five seconds after having been tripped. The Interconnector understands and agrees it is the responsibility of the Interconnector to install and maintain an appropriate protective relay arrangement to safeguard its own electrical apparatus and equipment from damage as a result of the opening and reclosing of the Company's said reclosing breaker, and it agrees to release the Company and indemnify and hold it harmless from all damage, claim, or liability in any way resulting from such reclosing of the Company's said breaker.

8.0 The Interconnector to Preserve Free Access for Company at the Interconnection Area. The Company shall be assured free and unrestricted access for line trucks and other essential work equipment to the area of the the interconnector's 34.5KV equipment as well as to the Interconnector's powerhouse for maintenance of the Interconnector's SCADA terminal and to other facilities at the project to permit maintenance and periodic inspection and checking of the telemetering facilities.

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9.0 INTERCOMPANY Operating Procedures. The Parties contemplate that from time to time it will be mutually advantageous that this Agreement shall be supplemented and implemented by written documents detailing operational or administrative procedures to be observed by either Party in carrying it out. Such documents shall be consistent with the underlying purposes and objectives of the Wheeling Agreement and of this Agreement. They shall be designated "INTER-COMPANY Operating Procedures," or "IOPs," and shall become effective when signed in behalf of each Party by its duly authorized officer or agent. Parties initially authorized to execute IOPs shall be as follows:

For the COMPANY:

Douglas K. Macdonald, President
or
Vernon E. McFarland, Vice President
Concord Electric Company
Concord, NH 03301-1338

For the INTERCONNECTOR:

G. Earl Boutin
Penacook Hydro Associates
c/o Essex Hydro Associates
6 Essex Street
Lawrence, Mass. 1840

With copy to:

Thomas Tarpey, Penacook Hydro Associates
c/o Essex Hydro Associates
99 N. State Street
Concord, N.H. 03301

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Any officer or agent duly authorized to execute an IOP in behalf of a Party may, by said document, designate additional officers or agents so authorized.

9.1 All IOPs shall be numbered serially, be dated and shall bear a suitable caption. They shall be prepared on 8-1/2 x 11, three-ring punched paper suitable for storing in a notebook type binder and a cumulative table of contents type index shall be prepared and supplemented whenever a new IOP is issued. All IOPs shall become effective when executed in behalf of each Party unless a different effective date and time is provided by the terms of the IOP involved.

9.2 Any duly promulgated IOP may be amended or withdrawn by due issuance of a new IOP provided, however, that no such amendment shall impair the validity of any act or thing previously done by either Party in reliance upon it. At any time that either Party may so request in writing, the Parties agree that they will cooperate to review the provisions of any existing IOP with a view to its modification or amendment in order more fully to carry out the underlying purposes and objectives of the Wheeling Agreement and of this Agreement.

10.0 Manner of delivery of notice hereunder. All telephone notices and written confirmations or reports required to be given by either Party to the other hereunder shall be given as follows:

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If to the INTERCONNECTOR, to:

G. Earl Boutin
Penacook Hydro Associates
c/o Essex Hydro Associates
6 Essex Street
Lawrence, Mass. 01540
Tel: (617) 685-8074

If to the COMPANY, to:

Donald I. Whipple
Assistant Vice President
Concord Electric Company
One McGuire Street
Concord, New Hampshire 03301-1338
Tel: (603) 224-2311

A notice required to be given hereunder to either of the above shall be sufficient if given to his duly authorized representative pursuant to written authorization supplied to the other Party.

11.0 Covenants re Future Operations. The INTERCONNECTOR covenants and agrees to and with the COMPANY that it will at all times operate and maintain its interconnection facility in strict compliance with all applicable provisions of NHPUC Report and Supplemental Order 14,797, issued in DE 60-146 dated March 20, 1981, as it may be supplemented or amended from time to time, with all other applicable regulations and requirements of the New Hampshire Public Utilities Commission and with all applicable provisions hereof.

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In witness whereof, the Parties have caused their names to be subscribed in duplicate original counterparts hereof, each by its appropriate officer or agent hereto duly authorized as of the day and year first above written.

~~CONCORD ELECTRIC COMPANY~~ Unitil Energy Systems Inc.
By [Signature]
its President

PENACOOK HYDRO ASSOCIATES
By ESSEX HYDRO ASSOCIATES
ITS GENERAL PARTNER
By [Signature]
Partner

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Filed to comply with Order No. 614, Designation of Electric Rate Schedule Sheets, Order No. 614, FERC Stats. & Regs. [Regs. Preambles 1996 - 2000] ¶ 31,036 (2000).